

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7629

BILL NUMBER: SB 504

NOTE PREPARED: Apr 5, 2007

BILL AMENDED: Apr 5, 2007

SUBJECT: TANF.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR: Rep. C. Brown

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill changes references from "Aid to Families with Dependent Children (AFDC) program" to "Temporary Assistance for Needy Families (TANF) program".

The bill requires TANF applicants to participate in employment and job opportunities and that applicants who refuse to participate may be sanctioned. It removes a provision that makes a person convicted of specified misdemeanors ineligible for TANF. It also provides that an individual who has been convicted of a felony involving a controlled substance and has completed or is participating in certain substance abuse treatment programs or mental health programs may receive assistance under TANF for up to 12 months. The bill requires the Department of Correction to assist an offender with applying for TANF.

The bill specifies when a dependent child is eligible for TANF and removes the high school diploma or equivalency certificate requirement. It makes certain TANF records confidential and not subject to disclosure. It also repeals: (1) a provision requiring the diversion of a grant to subsidize child care costs; (2) a provision allowing for payment of care to be made directly to the person furnishing the care; (3) language regarding the amount of assistance available to a person who was previously eligible under AFDC; (4) a provision allowing the county office to designate a responsible person to receive assistance for a dependent child if the person essential to the well-being of the child is not providing proper care or not capable of properly spending assistance; (5) a provision allowing a person whose income would otherwise make the person ineligible for TANF to qualify for Medicaid assistance or transitional child care assistance under certain circumstances; (6) a provision allowing for a lawful permanent resident to be eligible for assistance and transitional benefits for one year; (7) provisions requiring assistance certificates and certificate requirements; (8) a chapter on change of residence for TANF recipients; and (9) a provision requiring that payments must be made monthly to recipients by warrant.

Effective Date: July 1, 2007.

Explanation of State Expenditures: *Temporary Assistance for Needy Families Statutory Changes:* This bill makes multiple statutory changes pertaining to the TANF program. The Family and Social Services Administration (FSSA) reports that the changes are consistent with current practice. Thus, no fiscal impact is anticipated from the changes.

Auditor of State and Budget Agency: The bill requires the Auditor of State and Budget Agency to: (1) change the name of any account that refers to the AFDC program to the TANF program, and (2) make any other changes necessary to meet the requirements set forth in (1). Both the Auditor of State and Budget Agency should be able to do so within their existing level of resources.

(Revised) *Addition of Controlled Substance Felons to TANF Eligible Persons:* Summary: The annual cost to the state of providing TANF cash assistance to all individuals whose TANF benefit has been discontinued or who has been denied a benefit due to a felony drug conviction is estimated to be between \$590,000 and \$908,000 for FY 2008 and FY 2009.

Background Information: Federal statute provides that individuals convicted of felony drug offenses are not eligible for TANF or Food Stamp Program benefits. However, states may opt out of this federal prohibition. Current Indiana statute provides that an individual convicted of an offense relating to controlled substances is ineligible to receive TANF assistance for ten years if convicted of a felony unless the individual is participating in a Reentry Court program. This bill allows felony offenders to receive TANF benefits for up to one year, if the individual convicted of a felony completes or participates in substance abuse or mental health treatment. If the offender chooses not to participate in treatment, the current sanction remains in place. The annual cost to the state of providing TANF cash assistance to all individuals whose TANF benefit has been discontinued or who has been denied a benefit due to a felony drug conviction is estimated to be a minimum of \$590,000 and a maximum of \$908,000 for FY 2008 and FY 2009. [Note: There could be a related reduction of expenditures in the local Township Assistance programs to the extent that TANF cash assistance substitutes for local assistance. (See *Explanation of Local Expenditures*, below.)]

The number of individuals who have either been denied or lost TANF eligibility due to a felony drug conviction is shown in the table below.

Year	TANF Closures & Denials
FY 2002	261
FY 2003	416
FY 2004	568
FY 2005	736
FY 2006	841

The bill limits the assistance to a period of time not to exceed one year. The amount of cash assistance associated with one member of the TANF assistance unit can be \$58.50 or \$90 monthly, depending on family size. (Dependent children would not necessarily lose benefits - only the adult's benefit would be affected.) Food Stamp benefits are not available to individuals with a felony drug conviction unless they are participants in a Reentry Court Program. Eligibility for the Medicaid Program is not affected by these sanctions.

The requirement that the individual must either complete or be participating in a substance abuse treatment program provided by a certified addiction services provider, a mental health provider, the Department of Correction, or operated by the federal government may reduce the estimated expenditures somewhat if individuals choose not to participate. Expenditures may also be reduced due to legal custody issues involving the dependent children who would qualify the individual for TANF benefits.

Background on Funding Under the TANF Program - TANF assistance is shared between state and federal governments. However, the federal share is provided through a capped block grant allocation with a state maintenance-of-effort (MOE) requirement. The additional expenditures required under this bill would not affect the block grant allocation received by Indiana.

TANF block grant allocations are determined on a formula basis with increased flexibility for their use by the states over what was permitted under the prior Aid to Families with Dependent Children Program. States may use TANF funds in any "manner reasonably calculated to accomplish the purpose of TANF." TANF services can include a monthly cash assistance grant, eligibility for the Medicaid Program, and access to other programs and services designed to help recipients achieve economic self-sufficiency.

The maximum monthly cash grant as provided in statute is \$139 for a family size of one, \$229 for a family size of two, and an additional \$58.50 for each additional person. Cash assistance is limited to 24 months for parents and caretakers, and a 60-month limit on assistance exists for the entire assistance group. This bill would allow up to 12 months of cash assistance for individuals who were previously denied benefits.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Addition of Controlled Substance Felons to TANF Eligible Persons:* An increase in TANF cash assistance paid to individuals who would no longer be sanctioned from the program could lead to a corresponding reduction in assistance paid to these individuals by locally funded Township Assistance programs.

Currently, if an individual is sanctioned from the TANF Program because of a drug conviction, township

trustees are under no obligation to extend Township Assistance to the individual. This bill, however, eliminates the TANF sanction from statute. While Township Assistance programs are operated out of the 1,008 townships, the programs are administered under uniform standards. However, each program can differ with respect to income eligibility standards and benefit levels. The eligibility standards and benefit levels, by statute, must be consistent with the reasonable costs of basic necessities in the trustee's particular township. Township Assistance programs are funded through local revenues.

Explanation of Local Revenues:

State Agencies Affected: FSSA; Auditor of State; Budget Agency; Department of Correction.

Local Agencies Affected:

Information Sources: Jim Dunn, FSSA; Jessaca Turner Stults, FSSA; Amy Davis, FSSA.

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